

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
Ethena (ENA)

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Disclaimer

Please note that this risk disclosure is not exhaustive of all risks associated with trading ENA. Investors should perform their own assessment to determine the appropriate level of risk for their personal circumstances. Be sure to do your own research and due diligence while taking into account your own financial situation and risk tolerance. Please review the [Risk Summary](#) for additional discussion of general risks associated with the assets made available in the platform. These materials are for general information purposes only and are not investment advice or a recommendation or solicitation to buy, sell or hold any crypto asset or to engage in any specific trading strategy. The information contained in this risk disclosure is based on publicly available information that may be inaccurate, incomplete, or change at any time.

What is Ethena and how does it work?

Ethena is a decentralized finance (DeFi) protocol that issues USDe, a synthetic dollar backed by crypto assets and corresponding derivatives positions. The protocol operates through smart contracts deployed on public blockchains and is designed to function without reliance on traditional banking infrastructure. Ethena provides infrastructure for dollar-denominated crypto assets and related financial products within the DeFi ecosystem.

In 2026, Ethena began diversifying the assets backing USDe to include tokenized real-world assets. In June 2026, the protocol added its first real-world asset collateral sleeve, allocating approximately \$200 million to tokenized shares of the Janus Henderson Anemoy AAA-rated collateralized loan obligation (CLO) fund, issued on the Solana blockchain. A further allocation of up to \$250 million to a separate tokenized AAA-rated CLO fund was also announced. These allocations introduce institutional-grade structured-credit exposure into USDe's backing, alongside its existing crypto collateral and derivatives positions.

ENA is the governance token for the Ethena protocol. ENA holders can vote on key protocol decisions and elect members to a Risk Committee on a bi-annual basis; ENA can also be locked to receive sENA, which is used within the ecosystem (including voting on ENA-specific proposals) and can earn rewards. Ethena's governance has also considered a "fee switch" mechanism, targeted for activation in 2026, that would direct a portion of protocol revenue toward open-market ENA buybacks and distributions to sENA stakers. If implemented, this would change the economic profile of ENA from a governance token toward one with value-accrual characteristics. The mechanism has been the subject of ongoing governance discussion and had not been activated as of the date of this disclosure.

Who is behind Ethena

Ethena was founded and led by Guy Young (CEO & Founder). The protocol has attracted strategic investment from a range of institutional participants; in June 2026, asset manager Janus Henderson and Coinbase Ventures each disclosed investments in ENA.

Tokenomics of ENA

ENA has a maximum supply of 15 billion tokens, they are allocated as follows:

Category	Amount
Foundation	15%
Core Contributors	30%
Investors	25%
Ecosystem Development	30%
Total	100%

As of June 2026, approximately 9.0 billion ENA (around 60% of the maximum supply) was in circulation, with the remainder subject to vesting and scheduled release over time.

General Risks

Like all other digital assets, there are some general risks to investing in ENA. These include short history risk, volatility risk, liquidity risk, demand risk, forking risk, code defects, cryptography risk, regulatory risk, concentration risk, electronic trading risk and cyber security risk. For more information on general risks associated with smart contracts and digital assets, see Kraken's Risk Statement.

Risks specific to ENA

Competition

The Ethena protocol faces competition from other decentralized finance (DeFi) protocols that issue dollar-denominated or synthetic assets, such as MakerDAO (MKR), Frax Finance (FXS), Liquity (LQTY), Angle Protocol (ANGLE), and many others. ENA's value derives from its broader adoption in the market. If the Ethena protocol fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of ENA..

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on ENA and determined that ENA is unlikely to be a security or derivative under UK securities legislation. Our analysis generally includes, but is not limited to, reviewing publicly available information on the following:

- The creation, governance, usage and design of ENA, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created ENA;
- The supply, demand, maturity, utility and liquidity of ENA;
- Material technical risks associated with ENA, including any code defects, security breaches and other threats concerning ENA and its supporting blockchain (such as the susceptibility to hacking and impact of forking), or the practices and protocols that apply to them; and
- Legal and regulatory risks associated with ENA, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of ENA, and (ii) consideration of statements made by any regulators or securities regulatory authorities in the UK, other regulators of the International Organization of Securities Commissions, or the regulator with the most significant connection to ENA about whether ENA, or generally about whether the type of crypto asset, is a security and/or derivative.

Don't invest unless you're prepared to lose all the money you invest. This is a high-risk investment and you should not expect to be protected if something goes wrong. [Take 2 mins to learn more.](#)

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